

[Shri N. C. Chatterjee]

least 4 hours should be given for the general discussion.

Shri Gidwani (Thana): I also support the proposal. But I would like that we give 6 hours for the general discussion and 6 hours for the consideration of the amendments.

Shri D. C. Sharma (Hoshiarpur): I beg to submit that the time should be allotted equally for the general discussion as well as for the consideration of the rules separately; that is to say, 6 hours should be given for the general discussion and 6 hours for the consideration of the individual rules.

Mr. Speaker: Anyway, we have to work within the maximum limit of 12 hours. If that limit is kept, personally I am not very particular as to whether it should be 4 or 6 hours. But as two views are expressed, I would strike the mean by saying 5 hours, if the House is agreeable to that. I think that will satisfy all.

Shri N. C. Chatterjee: Agreed.

Mr. Speaker: So, we shall have the general discussion for 5 hours, and for the remaining 7 hours we shall have the amendments.

Shri Kamath (Hoshangabad): Before the House proceeds to legislative business, will you bear with me for just half a minute?

You are very well aware that the House is well ahead of schedule. The Companies Bill which had been timed for its winding up this evening is coming to a close at 2 or 2-30 P.M. today.

On the 8th of this month, that is, last Thursday, you were pleased to observe with regard to the dropping of the Question Hour as follows:

"The other alternative for the Members will be just to curtail all the debates and then of course make room for two hours in the course of time. We will see if it is possible."

So, you had said on that day, "we will see if it is possible." In view of the assurance you have given and the

new development that has taken place, may I request you to resurrect these questions from the cold grave of written replies into the warm sunshine of oral answers? I may add that I am not pleading for myself, because there are no questions standing in my name on those two days, but in the interests of the House in general—because once these questions are admitted and supplied to Members, they become the property of the whole House—I would appeal to you to reconsider your decision and make room for these questions to be asked either tomorrow or on the 24th or one day tomorrow and one day on the 24th.

12 NOON

Mr. Speaker: The position is this. The recommendation was made by the Business Advisory Committee, and it has been endorsed by the House. If at all it has to be reconsidered now as I said, it may be reconsidered—it will first have to be considered by the Business Advisory Committee and then by the House. That is the first part, so far as procedure is concerned. On the merits, I do not express any opinion, but I think, though we are in advance in respect of the schedule till now, we should let these rules be put through, and then we shall see as to whether there is an occasion for reconsideration. I am not quite sure that the discussion on the rules will be finished within time, though I wish it is finished in time for other reasons.

Shri Kamath: There is one little snag, and that is this. Once the answers are laid on the Table of the House as written answers, then, of course, we lose the chance for putting, those questions for oral answers.

Mr. Speaker: For one day. But let us await the close of the discussion on the Displaced Persons Compensation and Rehabilitation Rules.

COMPANIES BILL

The Minister of Finance (Shri C. D. Deshmukh): I am very grateful to hon. Members for the kind references that they have made to me.

I should like to take the earliest opportunity of passing on the credit to a very large number of people who have helped in the passage of this legislation. First, I may pay a tribute to the Business Advisory Committee for making such an adequate plan for the discussion of the Bill here. I owe my thanks to, apart from my colleague behind me, two other colleagues, the Minister of Parliamentary Affairs, for having helped us so actively in securing despatch for the passage of the Bill, and my other colleague, the Minister of Legal Affairs, both in his capacity as Chairman of the Joint Committee and as my colleague in the Government. The Secretary of Parliament also has helped unobtrusively and so have many other officials, whose names perhaps it would not be in order to mention. But the House can well imagine who could have played a part and devoted so much care to the preparation and drafting of the measure. There are also a large number of people, first in this country and then in the United Kingdom, both official and non-official, who have helped us at various stages with their experience and advice. It is quite clear that in order to come to the end of this difficult journey, one must have an element of luck. Yesterday, one hon. Member said that unfortunately we seemed to have ended on an unlucky number—649. Actually, we are going to end on 658 clauses, and I do hope that 58 is not as unlucky as 49. Therefore, I agree heartily with one hon. Member who said that it was a lucky hand which was required for concluding the consideration of the Bill. I would only add that occasionally it also requires to be a plucky hand. I regard myself as only a Nimit:

“निमित्तमात्रं भव सव्यसाचिन्”

“O, dexterous one, you are only the occasion, because you have to steer very carefully between right and the left.”

I am thankful that it has fallen to my lot to pilot the Bill, and in spite of occasional hard words and sharp

tones, I am under a great debt of gratitude to the Members of the Joint Committee and the Members of the House for their constructive and helpful attitude, which was in evidence on all parts of the House without exception. I have appreciated views which were obviously sincerely held both on the right and on the left and on this side and on the opposite side.

Shri M. S. Gurupadaswamy (Mysore): What about the centre?

Shri C. D. Deshmukh: The centre happened to be my views; there is no great point in saying that I appreciate them. I have found myself in sympathy with the spirit of those other views, as for instance, in the matter of labour representation mainly to let the day light in on the dark and cavernous recesses of company management, or in regard to the question of proportionate representation, and even in the matter of a more penetrating audit. And I have given my reasons why I have been unable to accept the amendments in this behalf.

The two major objectives that we have constantly placed before us have been (1) the workability of this complex mechanism that we are contriving and (2) the desirability of not undermining too much the sense of responsibility among shareholders, directors and managing agents. Now, with wide divergencies of views in this matter, I think I pointed out that some weightage must be given to Government as carrying the executive responsibility for the performance of the private sector, and that is why I have claimed that perhaps the views that the Joint Committee and later on Government put forward are the views which the House, should, for the time being, accept, because we are dealing with a very large sphere of the industrial world indeed.

Now, as regards the philosophy of Bill—and I would agree that everything to be valuable must have a philosophy—Sir Asoka Mehta has drawn attention to the ethos of the times. I accept his view that the world of joint

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stock finance must move with the times and be in tune with prevailing ideas, that the country is intolerant of concentration of economic power and of the disparities in wealth and we can ignore these trends only at our peril. Indeed we recognise that there is in this country a universal feeling that power should not tend to concentrate and disparities should not persist longer than necessary; and it is the business of Government to prevent these phenomena if they show themselves to the common detriment. But, here again, it is not a question so much of ideas and ideologies but a question of judgment. And, the questions we have to ask ourselves from time to time are will the system of our present choice work reasonably smoothly and will it afford the optimum incentive to both capital and labour. That is indeed what is known as *vishama asi dhara nritya*, that is to say, a very difficult exercise on the edge of a sword, and this is where judgments differ so widely.

The whole Bill embodies the judgment of the majority of the House and I am content to be guided by the views of the majority. I have also reason to believe that shareholders are satisfied with the arrangement that are now proposed as also those concerned with the investment markets, not only the prospective investors but also those who are in positions of authority in the various stock exchanges of the country. Then the entrepreneurs and the management experts seem to be reconciled generally to the provisions of the Bill. I have a feeling also that labour is prepared to be cooperative, subject to decisions being taken on some of the important proposals that are now being discussed elsewhere in regard to labour's participation in management.

[PANDIT THAKUR DAS BEARGAVA in the Chair]

There are, as we are aware, a few dissatisfied elements while the major-

ity has approved either whole-heartedly or with some reserve; and there are others who are prepared to suspend their judgment. Now, one extreme of dissatisfaction is representative of the capitalist view as given expression to by Shri Tulsidas Kilachand. The gist of his feelings was, abolish managing agencies if you like but leave the boards of directors alone. If his view were to be well-founded, then, one would expect that everything would be right in the world of banks and insurance companies where there are no managing agencies. They should be models of joint-stock enterprise. I have been in very close touch with the affairs of these two categories of enterprises, with banks in particular, and I cannot say with confidence that if everything is left to boards of directors, then everything is right in this world. Therefore, as I had occasion to say in the course of my speeches, it is not axiomatic that abuse flows only from one system or another. Abuse seems to be inherent in the exercise of power where money is concerned and the real remedy would be that shareholders should be more able to take care of themselves.

In this matter, it seems to be essential that since individual shareholders cannot properly discharge they are not organised to discharge—their responsibilities, it is essential that bodies and associations of shareholders should be strengthened and developed and those who are interested in ensuring that joint-stock enterprise in this country is allowed to proceed with minimum fetters or hedges, or whatever you might term it, should concentrate their attention on organising and developing shareholders' associations.

Shri Sinhasan Singh (Gorakhpur Distt.-South): Trade unions.

Shri C. D. Deshmukh: Trade unions are well able to take care of themselves.

Shri Sinhasan Singh: There will be then trade unions of shareholders.

Shri C. D. Deshmukh: It is only an analogy whether you call it a trade union or anything else.

I recognise that matters cannot be left entirely to the shareholders' choice because we cannot afford to ignore the economic consequences of any measure to which we now give our approval. Labour is interested, the consumer is interested and other parts of a planned economy are also interested. And, it is because of this wide reaction on any measure which we may introduce and approve that one often finds that it is not possible to encompass everything within the four corners of any particular measure. Some issues cannot fully be dealt with here, for instance, concentration of wealth. They might largely have to be dealt with through other means like fiscal measures, taxation to some of which I made a reference previously.

Then there is the important issue of labour relations and the residual sphere is so large that it is only the fringe that one might attempt to deal with in enacting a measure of this kind. Then there is the question of the special development and regulation of industries. That is why, in addition to this basic structure regulating joint-stock enterprises in this country we have to have other special measures which will look after other special aspects. We have the Banking Companies Act, the Insurance Companies Act, the Electricity Act and the Act for the development and regulation of industries. Then we have certain executive mechanisms which also play a part. Apart from licences under the Industries Development and Regulation Act, we have the Capital Issue Control Act. Therefore, the worth of anything that we do has to be judged in the light of what we are doing in all these spheres and not in the light of what we are doing only with company law.

I am sure the House must have welcomed the assurances that have been given on behalf of capital by **Shri Somani**. I would deprecate the ana-

logy like our being after the body or soul of the managing agents, and, if we must have an analogy, I think, we are after their head and heart; not after their head in the head-hunting sense.

But we do wish that a change in heart should come about. And indeed I should be very much surprised if it does not come about because I should say that ready adaptability must be the supreme quality of a successful businessman, and it is surprising how quickly one learns to scale down one's scale of rewards for one's own services where all others are involved. Therefore, I am convinced that private incentive is more a function of a sense of action and justice than a sense of reward. And times indeed must be on a tide of change promising the metamorphosis both rich and strange when at least one of the representatives of big business in this House proclaimed his faith in the supreme lesson of **Bhagvat Gita** मर्मण्येवाधिकारस्ते । Probably some of them had another slogan before them—कर्मण्येवाधिकारस्ते । probably some of them had another slogan before them—मर्मण्येवाधिकारस्ते । Not to go after the vitals but it is after the duties. To all those who accept that sense of responsibility all I can promise is an answering sense of responsibility, understanding, helpfulness, despatch, and above all, integrity and justice in administration. It will not be, I can assure the House, a case of justice delayed and therefore, of justice denied. In a sense, for none of us this is the end of the journey; indeed it is for most of us the beginning. As hon. Members have observed, the assemblage of powers vested in Government by this Bill is enormous and has probably no parallel elsewhere. I should like to point out here that some of these powers are intended to help and not to hinder; that is to say, we have sought to provide for a certain executive relaxation in suitable and appropriate cases where the general rule itself is somewhere rigorous. Take the matter of interlocking or the matter of clause 197 the overall limit for remunera-

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tion—and so on. We have fixed rather a high hedge but have taken the power to let out a few cases in appropriate circumstances.

✓ I am very happy to give the assurances that have been demanded in regard to the administration; first, that it should be adequately staffed, that it should be competent, that red-tape should be reduced to a minimum and that, finally, we should have a new concept of positive helpfulness; that is to say, our aim should be not to trip up the unwary but to assist actively those who seem anxious to observe the law but find themselves somewhat helpless in this welter of legislation which, I am sure, will be further complicated when the rules come up almost inevitably. Therefore, we have undertaken these duties with a full sense of responsibility and almost with trepidation. Shri Somani has asked in particular that we should exercise the powers vested in us by the proviso to clause 197 so as to see that we do not impair the efficiency of enterprises by denying them the ✓ chance of obtaining suitable talent. Since the aim, namely, maintaining efficiency of enterprises at the maximum possible level, is a common aim, I do not think there would be very great difference of opinion in regard to methods. Therefore, we are resolved so to discharge our onerous duties as to advance and not to retard the common weal; in other words, we shall try not to throw the baby out with the bath-water. In this connection, it would not be just to prognosticate our future performance with reference to what happened after the last amendment of the Act in 1936. That experience, I submit, is no correct guide, because the work was decentralised to officers of the then provincial governments who had other duties to perform and there was a lack of what I might describe, as an active central nervous system. Then came the war which upset not this but many other departments of admini-

stration. All that we hope to be able to change. I have also taken notice of the request that we should pay special consideration to the small man because I think here again there could not possibly be much difference of opinion as to the desirability of encouraging the rise of small business, and it should not be difficult. Even in countries which are much more advanced than we are, small business still plays what could be described as a predominant role in the industrial life of the country. And since we have a long way to go and a long leeway to make up, I am quite certain that it is *via* the small enterprise that we shall be able to build up the economy of our country. We shall try to bring out a guide as simple as we can make it in regard to company law, in English and in the other regional languages and try to ensure that the common man has company law without tears—may be we might even try to bring out a journal as was suggested by one hon. Member. We would also look forward to the periodical discussions that will take place on our annual report under section 631, which I would recommend Shri More to read because he did not seem to have read it yesterday. He will find that it provides for just the kind of annual report that he had in mind, but perhaps yesterday he was too much at 'sea'—the reference being his obsession with the letter 'C', which he mentioned yesterday.

Shri S. S. More (Sholapur): I am still in the stormy sea!

Shri C. D. Deshmukh: In regard to the volume of work we have no delusions and I fear that it will keep on growing so far as the administration is concerned. But what happens in countries where all enterprises are owned by Government and are run by Government? They must have the same sort of problems. So far as executive guidance is concerned, there are perhaps two remedies available. One is the multiplication of ministries. If one Minister cannot deal with

it, then the whole sector of joint stock enterprises might have to be split up into two; one Minister would have to administer one and both of them might perhaps form a board to decide questions of policy.

Shri N. C. Chatterjee (Hooghly):
Ministers Limited.

Shri C. D. Deshmukh: It would be a Minister with limited liability. That is what is done in some other countries in the case of Minister in charge of industries. The process of proliferation has started in this country. We started with a Minister of Commerce and Industry; then we had a Minister for Production. Now we have had to set up a Minister for Iron and Steel. I have no doubt that as the public sector expands—we are only on the eve of this expansion—you may have a Minister for heavy industries; a Minister for light industries. I do not know how this proliferation will go on but that is only a logical way in which Government could discharge its responsibility.

The other method would be a judicious method of decentralisation and delegation. But I doubt if we should ever be able to put back the hands of the clock and that is with respect to what Shri Tulsidas said. I doubt if we should ever be able to go back on the provisions which we have inserted for control and regulation in this Bill. It could not be. I doubt the restoration of powers to shareholders although there may be room for adjustment of powers as between shareholders and directors.

Of the many issues that will arise for consideration from time to time among these, the most complex will be the issue of inter-company and inter-director investments—not so much the question of remuneration of managers or even approval of managing agents and managing directors. Those are fairly simple matters; the criteria are clear enough. Ideas may change from time to time and we shall fall in with those changed and altered things. But there are some matters which are inherently

complex as those matters of inter-company and inter-director investment, monopolies, trusts, etc. These will have to be watched and studied as complex economic phenomena and I am not sure that there is any simple answer available in order to meet the situation which changes according to the requirements of development of the country. Even in more advanced countries they have not yet succeeded in laying down simple laws in order to regulate these matters. I mention this because the hon. Member opposite, the Deputy Leader of the Communist Party, referred to pooling of the reserves of companies because his fear was that the Company Bill was not geared to the Plan. I am not able to follow his statement because some pre-determined investment by the private sector is part of the Plan and it is secured investment to that extent when we wish to lay down a firm basis of law governing joint stock enterprises. He himself drew attention to the figures in the Reserve Bank Bulletin under which about 75 per cent. of the finance for expansion was furnished internally—in other words reserves and the share capital taken up by members accounted for that expansion. Now so long as that expansion follows the lines which we have determined in the overall plan. I see no objection for the reserves being used that way. Indeed it is better that that be used that way. We have ample powers some of which I have mentioned—like the licensing under the Industries Development and Regulation Act, Capital Issue Control Act and so on and so forth—all going beyond the scope of the Company Law in order to ensure that private investment is geared to the Plan.

A word about the Advisory Commission. I am sorry that Shri Chatterjee has not yet reconciled to the Commission being advisory. I hope that by actual experience we will convert him one day. As I said, I do not think he was clear. Complete autonomy is a snaring delusion *vis-a-vis* Parliament because where it is not part of the executive machi-

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tery—as for instance in the case of judiciary—the ultimate responsibility of the Minister and Government to Parliament—where can it be reflected? This should remain and reflect somewhere in whatever is attempted in the executive field. Therefore, autonomy can perhaps be *de facto* but could not be *de jure*. So far as the possibilities of the *de facto* autonomy are concerned, I have already given an indication of its extent which was, as you will remember, .005 per cent. of disagreement with the Commission.

I said that this power casts responsibility on everyone, certainly not the least on Parliament. I think that the executive will be able to count on Parliament's consideration and understanding—not indulgence. The executive should not feel as if it is always in the docks although it must always remain answerable. Then only can confidence grow for broadening the basis for our socialistic pattern of society. Flexibility and resilience are qualities that will enhance the value of the exercise of power wherever it may reside.

A word about the investing public. The final success or failure of such a measure could not be judged by the degree of expansion that takes place according to the Plan in the private sector. Even as I said though internal finance may play a major role, there is undoubtedly need for fresh capital which will not be either insignificant or transient and therefore, according to the late Shri Gokhale, quoted by Shri More, the contributor of capital is indeed the benefactor. After all he is in a sense a worker who saves part of his labour's fruit for increasing production. Therefore, the confidence of the investor—that is to say, according to the statistics the confidence of the small man, not big capitalists, the majority of the shareholders are small men—will be the key to success. It is our intention to round off this legislation with legislation to regulate stock exchanges and we hope we shall have an early

opportunity of enacting that measure. As far as we can judge from the figures relating to stock exchanges, the investor is well impressed and prepared to be responsive and that is a good augury for the future.

There is a clause on depositors to whom hon. Members opposite and some Members on this side, in the earlier part of the debate, made a reference. I am sorry that we could not do more to incorporate safeguards in this Bill to protect unwary depositors. But the remedy seems to me that the depositors, like shareholders, should strengthen their organisations and consult experts. They should learn to discriminate between venture and venture and should give up risky habit of depositing their money according to the maximum rate of return promised.

They should learn to be content with safer and lower yields and they must learn to appreciate the fact that they cannot have the best of the both worlds. I believe that it is not possible for the law to give them more significant protection than what we have attempted to give by introducing one small amendment. Even in banking where we have a special legislation to safeguard the depositor in regard to his short-term money and where the business is so rigidly controlled, losses are not uncommon. Indeed they, probably, are of greater dimensions than in the case of depositors *vis-a-vis* industrial enterprise.

Now, there are two sections of the House which do not see much good flowing from this measure. Shri H. N. Mukerjee may be described as the Communist cassandra. He thinks that as long as we have not got a school for qualifying directors and as long as we do not have an extended system of branch audit the Bill will not achieve its main democratic object. Some of the suggestions that they have made are not suggestions that one could embody in the law, but that does not follow that one should

not bear them in mind in choosing people where the power to choose and select people is given to Government. There are many ways in which the record of a businessman will be of relevance and.....

Shri S. S. More: Will you maintain a history sheet for every businessman?

Shri C. D. Deshmukh: At least those who have to come up for managing directorship, managing agents, managers and so on—as I have said, those who will come within our ambit. It is not prudent to say that I believe that every businessman is 'snow white, but, nevertheless there are degrees and, there are certain matters they do which are not capable of being decided with reference to precise laws—as for instance, in tax evasion. Nevertheless, I think it would be relevant to bear the record of businessman in mind when it comes to making a choice and selection for the conduct of business.

Shri H. N. Mukerjee was unhappy that we had not done anything about bonus shares which was a subterfuge for cheating labour out of their dues. I thought I had explained this matter once and if he would take the trouble to study the literature on the subject—The Taxation Enquiry Commission's Report here and a similar report in the United Kingdom—he will find that the issue of bonus shares by itself is not an enormity. It is really another name for reserves which have been ploughed into the industry. It is true that when it takes the form of capital then the rate of dividend appears something different; but that is a calculation which anyone can make. It is so transparent that none need be misled. The question of whether bonus shares should be taxed or not is not a question of morality, it is a question of taxation and, as I have said, we are issuing permits granting permission for the issue of bonus shares irrespective of any decision in regard to taxation. At the proper time, whatever decision we take will be announced or will be applied....

Shri K. P. Tripathi (Darrang): May I point out that the example of England is not applicable on all fours to India because in India bonus is given to labour as part of their wages whereas in England and other countries only wages are paid and no bonus is paid because there the wages are living wages.

Shri C. D. Deshmukh: Nevertheless the point remains that the labour can agitate for any share of the profits. All I am saying is that if there are reserves and if those reserves have been ploughed into business, then all that happens is that the share of the shareholder, because of the increase in assets, is much more in value. To over simplify this problem, what happens is that a share of Rs. 100 because worth Rs. 200 in the market place although the relationship is not arithmetical. All that happens when the permission to issue bonus share is given is that another script for Rs. 100 is given to the same shareholder. Therefore, he is having shares for Rs. 200 and if he wants to sell them out he gets Rs. 200, exactly the same amount that he would have got by selling the original share of Rs. 100. Therefore, *vis-a-vis* the labour, the matter remains the same. I am not denying that the labour should be able to gain whatever they can from tribunals. It will be for the tribunals to see if excessive profits have been put into reserves. I am dealing with only that part of the reserves which has already gone into the block of the enterprise concern.

In regard to branch audit, **Shri H. N. Mukerjee** is under some misunderstanding. My colleague did refer to paucity of staff, but that was in connection with clause 225 and not in connection with the amendments proposed to the Schedules. There, our feeling was that by and large the amendment was unnecessary; that is to say, in a large number of cases we should be able to get certified returns from the branch offices which could even be considered and incor-

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porated in his report by the auditor. I mention this in order to remove a misunderstanding.

He also referred to foreign domination. Now, here is a matter in which we see things so different that it is impossible to argue. We believe that foreign investment will be necessary in our country for many years to come because we ourselves are unable to raise the necessary capital. In order that foreign investment should be attracted one would have to ensure that the existing investments are treated fairly and generally in a manner which does not discriminate between them and our indigenous ventures.

Then he has referred to the possibility of split managing agencies and the proliferation of companies; that is to say a textile mill acquiring a caustic soda or some other chemical business. I confess that we have not got out and dried views on this matter. As far as I can see, if a number of shareholders come together and wish to engage their money in starting a number of businesses there should be no objection to those businesses not being closely related. They may or may not be and that choice would seem to vest with the shareholders. Nevertheless, as I have said, we are prepared to keep an open mind on the subject and to study the phenomenon which appears to have come into evidence only recently. In any case, we have the capital issue control which we can operate to discourage and deter any tendencies which, on examination, we find to be undesirable.

Now, I deal with the other Cassandra—the capitalist Cassandra. Shri Tulsidas said that this measure left no room for newcomers; there was no atmosphere for production; there was no chance for the small man and generally that the Bill will fail in its objective. All I can do is to take up the challenge on behalf of Government and the majority, and it will be our duty and pleasure to

prove these lugubrious prognostications as entirely unfounded. As stated earlier by me, the rest of the world is not obviously taking this gloomy view. The stock exchanges are steady and money is forthcoming in the money markets for new ventures if not in the form of shares, certainly in the form of debentures. The example of red-tape and delay that he gave was not a very fair one. He complained that this matter of bonus shares has been held up by us for about a year, that is to say, from August, 1954 to August, 1955. When the matter matured, so to speak, for the issue of orders in August, 1954, we were awaiting the recommendations of the Taxation Enquiry Commission to whom we had specifically referred this matter of the taxation of bonus shares, and therefore, we had to wait till the report came out which was in December or at the end of January for all practical purposes. Then our budget preoccupations prevented us from taking a decision on this matter or indeed left us little time for considering it. After we went into it a little deeper, we came to the conclusion that even if permission was given for the issue of bonus shares it did not commit us, so far as the taxation in whatever form we may decide upon, is concerned. That is why we took the earliest opportunity of announcing that we should be prepared to permit the issue of bonus shares where on examination we found that on other grounds it may be permitted.

Now, the Bill as passed embodies the labour and thought of hundreds of experienced men and the experts of Lok Sabha itself, apart from the Members of this House and the Joint Committee, have taken very great pains and it is a kind of *tapasya* to complete this measure. I have no doubt that this *tapasya* will achieve its objective and I ask the House confidently to share the hope with me when, with apologies, I might adopt a verse of Kalidas in this respect:

अद्य प्रभृत्यन वतांगि तवास्मि दासः
 क्रातस्तपो भिरिति वादिनि सद्विधेयो ।
 अह्नाय सा निगमजं क्लम मुत्ससर्जं,
 क्लेशः फलेन हि पुनर्नवतां विधत्ते ॥

I have substituted "Sadvidheyo" for the original word, and "Nigamajam"—*Nigama* is company—for "Niyamajam".

From this moment, the Bill says to the Lok Sabha: "Oh righteous one, I am yours to do and obey, purchased as I am...."

Shri Kamath: Who is righteous?

Shri C. D. Deshmukh: The Lok Sabha.... by your *tpasya*. On this, forthwith, the august assembly shed its weariness for the fruit of labour gives it a new lease of life"

Mr. Chairman: I shall take the consequential amendments first. The question is:

Page 24, lines 42 to 44—

omit "which is required to be stated therein under the provisions of Schedule II or IV, as the case may be".

The motion was adopted.

Mr. Chairman: The question is:

Page 38, lines 39 and 40—

omit "which is required to be stated or set out therein under the provisions of Schedule III".

The motion was adopted.

Mr. Chairman: The question is:

Page 102—

for lines 31 to 33, substitute:

"Provided that any such re-appointment, re-employment or extension shall not be sanctioned earlier than two years from the date on which it is to come into force".

The motion was adopted.

Mr. Chairman: The question is:

In new sub-clause (4), printed as No. 317 in List No. 13 of Amendments and adopted by the House—

after "Board's report" insert "and any addendum thereto".

The motion was adopted.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): There is amendment No. 1206 to clause 52, and then amendment No. 1208 to clause 258. If you are going in the order of clauses, they may be put now.

Mr. Chairman: I am putting them according to the number of the amendments.

The question is:

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(i) line 9, omit "or any firm in which he is a partner"; and

(ii) line 11, for "or the firm" substitute "whether alone or jointly with other".

The motion was adopted.

Mr. Chairman: The question is:

Page 147—after line 6, insert:

"Provided further that nothing contained in this sub-section shall apply where the company has availed itself of the option given to it under section 264 to appoint not less than two-thirds of the total number of directors according to the principle of proportional representation".

The motion was adopted.

Mr. Chairman: The question is:

Page 149, line 15—for "such of them" substitute "such of the directors as are then in India".

The motion was adopted.

Mr. Chairman: The question is:

Page 184—

for lines 16 and 17, substitute:

"Provided that no renewal shall take place earlier than one year from the date on which it is to come into force".

The motion was adopted.

Mr. Chairman: The question is:

(a) Page 27—

(i) line 41, for "A notice" substitute "A document";

(ii) line 42, for "given by the company to any member" substitute "served by a company on any member thereof";

(iii) line 46, for "notice" substitute "document";

(iv) line 47, for "service of the notice" substitute "service thereof"; and

(v) line 49, for "notice" substitute "document";

(b) In the amendment, printed as No. 442 in List No. 19 of Amendments and adopted by the House—

(i) for "notices" substitute "documents"; and

(ii) for "notice" substitute "document";

(c) Page 28—

(i) line 8, for "notice" substitute "document";

(ii) line 10, for "given" substitute "served";

(iii) line 14, for "notice may be given" substitute "document may be served";

(iv) line 14, for "to the joint-holders" substitute "on the joint-holders";

(v) line 15, for "giving the notice to" substitute "serving it on";

(vi) line 17, for "notice" substitute "document";

(vii) line 17, for "given" substitute "served";

(viii) line 17, for "to the persons" substitute "on the persons";

(ix) line 24, for "giving the notice" substitute "serving the document"; and

(x) line 24, for "given" substitute "served".

The motion was adopted.

1 P.M.

Mr. Chairman: The question is:

Page 166—

for lines 20 to 22, substitute:

"Provided that any such re-appointment, re-employment or extension shall not be sanctioned earlier than two years from the date on which it is to come into force."

The motion was adopted.

Mr. Chairman: The question is:

Page 137, line 13, omit "memorandum and";

The motion was adopted.

Mr. Chairman: The question is:

In new part (f) of sub-clause (1), printed as No. 892 in List No. 49 of Amendments and adopted by the House—

for "employee" substitute "officer or employee".

The motion was adopted.

Mr. Chairman: The question is:

Page 284, line 3—

after "any Registrar" insert "Additional, Joint, Deputy, or"

The motion was adopted.

Mr. Chairman: The question is:

Page 284, line 10—

after "any Registrar" insert "Additional, Joint, Deputy, or".

The motion was adopted.

Mr. Chairman: The question is: ✓

"That the Bill, as amended, be passed."

The motion was adopted. ✓

CHARTERED ACCOUNTANTS (AMENDMENT) BILL

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): I beg to move:

"That the Bill further to amend the Chartered Accountants Act, 1949, be taken into consideration."

This is a simple Bill designed to empower the Central Government to recognise foreign qualifications as equivalent to the qualifications prescribed by the Institute of Chartered Accountants of India for purposes of entry on the register of Chartered Accountants maintained by the Institute. Under sub-section (1) (v) of section 4 of the Chartered Accountants Act, as it stands at present, it is for the Council of the Institute to accord recognition to any examination and training completed outside India as equivalent to the Indian qualifications. If hon. Members refer to section 29 of the Chartered Accountants Act, they will find that the Central Government has been vested with power to withhold membership of Indian Institute from nationals of countries which prevent persons of Indian domicile from becoming members of any institution similar to the Institute of Chartered Accountants of India or from practising the profession of accountancy or subject them to unfair discrimination in their territories. Recognition of foreign accountancy qualifications is subject to this condition and is, therefore, generally to be granted only on a reciprocal basis. This may well involve, in many cases, negotiations between Governments

concerned on a governmental level. In order to facilitate the implementation of the results of such negotiations, we consider it necessary that the power to recognise foreign qualifications should also be concurrently vested in the Central Government as a matter of public policy. As hon. Members will notice, the Bill does not propose to take away the power in this regard now exercised by the Institute. I need hardly add that Government will not, of course, use this power regardless of the nature of the qualifications sought to be recognised; they will, as person with qualifications obtained a matter of practice, consult the Institute, wherever necessary, before granting recognition to any foreign qualifications under this provision.

In this connection, I would draw the attention of the House to sub-clause (1) (b) of Clause 225 of the Companies Bill as reported on by the Joint Committee which was based on a similar provision in clause 161 of the English Companies Act, 1948. As was explained by the Finance Minister in the course of his speech on the Companies Bill, this clause contained a provision intended to enable the Central Government to authorise any outside India, similar to those prescribed under the Chartered Accountants Act, to be appointed as an auditor of a company and this provision was the subject of protracted discussion between the Ministry of Finance and the Institute of Chartered Accountants. Eventually the Institute agreed that the discretionary authority proposed to be vested in the Central Government, albeit for the limited purpose mentioned in the present Companies Bill, should be obtained not through the Companies Bill, but by a suitable amendment of the Chartered Accountants Act. The Institute pointed out that this procedure would not merely have the advantage of concentrating all provisions relating to the qualifications, training, etc. in one statute, but would also facilitate the exercise of disciplinary control over the members of the profession. Government accepted this advice of the Institute